Chapter 1
Knowledge Economy in the Arab World: Towards New Economic Development Policies

Ahmed Driouchi
Al Akhawayn University, Morocco

ABSTRACT

This chapter introduces the content of the overall book and its relations to similar publications on the knowledge economy in Arab countries. It is composed of two major parts, where the first one is a synthesis of the publications realized up to 2013 with emphasis on the major economic and development issues facing the economies of the Arab world. The second part introduces the rationale of the book, the new areas investigated besides the methods used and the expected policy outcomes. This book places a major emphasis on the need to accelerate the implementation of new economic and social policies that are likely to be enhancing the contributions of the knowledge economy to a more inclusive economic growth and development.

INTRODUCTION

This research aims at suggesting new economic and social policies and actions devoted to intensifying the likely benefits to occur under further knowledge based economies in the context of Arab economies. This investigation consists first, of assessing qualitatively and quantitatively past and current trends of the knowledge economy components in the Arab region. Comparisons with some East and Central European Economies (EEE) besides consideration of their best development practices are also included. The first objective of the current undertaking is to identify empirically, the determinants and trends from the available data of both Arab and EEE economies. The special focus on the EEE countries is related to their proximity with the European Union (EU). The link with local and territorial economies in the region is the second objective pursued under this research where evidence about promising knowledge niches is gathered. Finally, new economic and inclusive growth policy options for the overall region and for each country are introduced.
as means to accelerate the mobilization of the components of the knowledge based economy with larger benefits to the population.

These objectives are suggested to be achieved using mainly qualitative information besides descriptive statistics, regression analysis besides other techniques with the available secondary panels of data. A special focus is to be placed on the Knowledge Economy and the Knowledge Indices (KEI and KI) besides other measures as developed elsewhere by the World Bank Institute (2009) by the UNDP (2001) and by INSEAD (2010). The diversity of indices used, allows to better capture the knowledge situation of the countries under study. The global and local development related variables are also selected for the purpose of linking the knowledge components to country performances. Shifts and changes from different knowledge modes and their implications for the studied economies are also ways for understanding the constraints and opportunities provided in the countries and region. The roles of different components included in each knowledge measure are assessed to account for the likely effects of education, intellectual property rights, research and innovation at both global and local levels. The enlargement of the population segments benefiting from the spillovers of the knowledge based economy is at the heart of the new economic and social policies suggested. Inclusive policies are implicit in series of chapters such as those on educational attainment, feminization, job creation and unemployment, better allocation of rents from natural resources, new businesses and enterprise creation.

KNOWLEDGE ECONOMY AND UNEMPLOYMENT IN ARAB COUNTRIES IN RECENT PUBLICATIONS

While there are series of papers that have been devoted to the situation and prospects of the knowledge economy in the Arab countries and that are discussed in different chapters of the present book, some salient publications and reports have addressed recently, different facets of this problem. This part reviews the most important features from these very recent contributions that are mainly in books and reports.

While emphasis on political issues have been dominant during these last years, matters related to education, infrastructure, research, innovation, entrepreneurship with the roles played by knowledge economy in the Arab economies, have not been omitted. The latest report by the World Economic Forum (2013) is again placing emphasis on the links between employment and access to the knowledge economy. According to this report, high unemployment among the young, among females and within the educated parts of the population, is considered as the most important socioeconomic challenge facing the Arab region. The previous Arab competitiveness reports since 2002 have also mentioned the strengthening of competitiveness through job creation. Besides the demographic factor, the private sector is recognized in the current report as the main drivers of limited job creation. The new recommendations of the 2013 report include the role of institutions, the infrastructure, the macroeconomic framework, health and primary education, higher education and skilled workforce, healthy competition, efficient labor markets, financial markets but also other knowledge components such as those related to technological readiness and business sophistication. Innovation is also recognized to help shift the technology frontier. To sum up, this new report asks for further access of the Arab countries to more knowledge based economic and social policies.

In this same direction, the recent book entitled “The Real Issues of the Middle East and the Arab Spring: Addressing Research, Innovation and Entrepreneurship (Innovation, Technology, and Knowledge Management)” edited by Andersson, and Djeflat, (2013) provides new insights and perspectives on the challenges and prospects for regional development. The authors explore series